

**SCOTT COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Huntsville, Tennessee

Financial Statements

June 30, 2010

C O N T E N T S

June 30, 2010

	Page
I. INTRODUCTORY SECTION	
Roster of the board of directors	1
II. MANAGEMENT'S DISCUSSION AND ANALYSIS	2
III. FINANCIAL SECTION	
Independent Auditors' Report	5
Financial Statements:	
Statement of Net Assets	7
Statement of Revenues, Expenses and Change in Net Assets	8
Statement of Cash Flows	10
Notes to Financial Statements	11
IV. SUPPLEMENTAL INFORMATION	
Statement of Revenues and Expenses - Actual and Budget (Budgetary Basis) and Budget	14
Other required information	15
V. MISCELLANEOUS SECTION	
Income and Expenses by year - last ten years	16
Schedule of Expenditures of State Grants	17
Notes to Expenditures of State Grants	17
VI. INTERNAL CONTROL AND COMPLIANCE SECTION	
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	18
Schedule of Findings and Responses	20

Introductory Section

**SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF THE BOARD OF DIRECTORS**

June 30, 2010

Name	Position
Wayne Shoemaker	Part-time Director
Rick Russ	Chairman
Ted Carson	Member
Larry Lay	Member
Hertis Phillips	Member
Robert Melhorn	Vice Chairman
Larry Crowley	Secretary
Roger Bridges	Member
Willie Boyatt	Member
Charlie May	Member

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The Scott County Emergency Communications District financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2010.

FINANCIAL HIGHLIGHTS

The District's net assets increased by \$83,618, as a result of this year's operations. All of this increase is treated as business-type increases.

During the year, the District had revenues of \$ 294,989, interest income of \$ 14,629, and expenses of \$ 226,000. This compares consistently to last year in which revenues were \$ 300,824, interest income of \$ 16,142 and with expenses of \$ 195,895.

We believe that this profit of \$ 83,618 will be necessary for additional equipment and upgrades during the next few years.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets, the Statement of Revenue and Expenses and Change in Net Assets, and the Statement of Cash Flows. The Statement of Revenue and Expenses - Actual and Budget shows the budget and budget amendments and variances for the year.

REPORTING THE DISTRICT AS A WHOLE

Our analysis of the District, one of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets--the difference between assets and liabilities--as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets is one indicator of whether its financial health is improving or deteriorating.

The District receives a fee that the local telephone company adds to the phone bills of the customers within the district and passes on to the district. In addition the State of Tennessee Emergency Communications collects funds from wireless customers through the various wireless vendors and shares these funds with the local emergency communications districts in the form of commissions and grants.

THE DISTRICT AS A WHOLE

The District's net assets increased from a year ago, increasing from \$ 914,292 to \$ 997,910. These business-type activities show a 8.38% increase for the year.

The District's total revenues decreased by 2.37 % over the prior year. This decrease is primarily the result of the equipment reimbursement grant from the State of Tennessee received in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Budget was revised near year end.

Table 1
SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Balance Sheets
June 30, 2010

	<u>2009</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Assets			
Current Assets			
Cash in Bank	\$ 278,946	\$ 138,137	\$ (140,809)
Investments	492,165	764,190	272,025
Accounts Receivable	34,785	8,728	(26,057)
Prepaid Insurance	4,605	4,637	32
Total Current Assets	<u>810,501</u>	<u>915,692</u>	<u>105,191</u>
Fixed Assets			
Equipment	421,679	431,603	9,924
Less Accumulated Depreciation	<u>(307,799)</u>	<u>(337,185)</u>	<u>(29,386)</u>
Net Fixed Assets	<u>113,880</u>	<u>94,418</u>	<u>(19,462)</u>
Total Assets	<u>924,381</u>	<u>1,010,110</u>	<u>85,729</u>
Liabilities			
Current Liabilities	10,089	12,200	2,111
Net Assets	<u>914,292</u>	<u>997,910</u>	<u>83,618</u>
Total Liabilities & Net Assets	<u>924,381</u>	<u>1,010,110</u>	<u>85,729</u>

Table II

Income Statement
June 30, 2010

	<u>2009</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Revenue			
Telephone Service Charges	99,135	103,674	4,539
Shared Wireless Charges	60,509	53,400	(7,109)
Operational Funding	77,696	114,480	36,784
Other Revenue	63,484	23,435	(40,049)
Interest Income	16,142	14,629	(1,513)
Total Revenue	<u>316,966</u>	<u>309,618</u>	<u>(7,348)</u>
Expenses			
Salaries and Wages	54,476	56,155	1,679
Benefits	21,186	22,084	898
Contracted Services	56,889	81,400	24,511
Maintenance and Repairs	3,624	7,668	4,044
Supplies and Materials	3,208	3,199	(9)
Utilities	13,437	11,874	(1,563)
Other Charges	16,764	14,234	(2,530)
Depreciation	26,311	29,386	3,075
Total Expenses	<u>195,895</u>	<u>226,000</u>	<u>30,105</u>
Increase (Decrease) in Net Assets	<u>121,071</u>	<u>83,618</u>	<u>(37,453)</u>
Net Assets - beginning	<u>793,221</u>	<u>914,292</u>	<u>121,071</u>
Net Assets - ending	<u>\$ 914,292</u>	<u>\$ 997,910</u>	<u>\$ 83,618</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, the District had \$ 431,603, invested in capital assets, automobiles, office equipment, and communications and mapping equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's appointed officials considered many factors when setting the fiscal-year 2010 budget. In the case of an emergency communications district the revenue is estimated from local telephone use, funds available from the State of Tennessee Emergency Communications Board and interest income. From this the wage scale of employees can be determined along with the level of benefits that can be purchased for their benefit. Capital expenditures are planned along with all other goods and services necessary to run the district's operation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at Huntsville, Tennessee or call our office at 423-663-4836.

Financial Section

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Scott County Emergency Communications District
Huntsville, Tennessee

We have audited the accompanying financial statements of the Scott County Emergency Communications District, a component unit of Scott County, Tennessee, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Scott County Emergency Communications District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Scott County Emergency Communications District and do not purport to, and do not, present fairly the financial position of Scott County, Tennessee, as of June 30, 2010, and the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Scott County Emergency Communications District as of June 30, 2010, and the changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2010, on our consideration of the Scott County Emergency Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 4 and page 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Scott County Emergency Communications District's basic financial statements. The introductory section and miscellaneous section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis, and is also not a required part of the financial statements. The schedule of expenditures of state awards is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and miscellaneous sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Dennis E. Jeffers CPA, PC

Oneida, Tennessee
September 15, 2010

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
June 30, 2010

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 138,137
Investment (certificate of deposit with 12 month maturity)	764,190
Accounts Receivable	8,728
Prepaid Insurance	<u>4,637</u>

Total Current Assets 915,692

Noncurrent Assets

Vehicles	24,500
Office Equipment	20,195
Communications Equipment	<u>386,908</u>

Total Capital Assets 431,603

Accumulated Depreciation (337,185)

Capital Assets Net 94,418

TOTAL ASSETS 1,010,110

LIABILITIES

Compensated Absences	<u>12,200</u>
----------------------	---------------

TOTAL LIABILITIES 12,200

NET ASSETS

Invested in Capital Assets	94,418
Unrestricted	<u>903,492</u>

NET ASSETS 997,910

TOTAL LIABILITIES AND NET ASSETS \$ 1,010,110

The Notes to the Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Revenues, Expenses, and Change in Fund Net Assets
For the Year Ended June 30, 2010

OPERATING REVENUE

Emergency Telephone Service Charges	\$ 103,674
Tennessee Emergency Communications Board-State Wireless Charge	53,400
Tennessee Emergency Communications Board -Operational Funding	114,480
TOTAL OPERATING REVENUE	<u>271,554</u>

OPERATING EXPENSES

Salaries and Wages

Director	14,259
Administrative Personnel	25,284
Other Wages Mapping	10,000
Overtime Pay	6,612
	<u>56,155</u>

Employee Benefits

Medical insurance	15,677
Social Security	3,482
Medicare	814
Compensated Absences	2,111
	<u>22,084</u>

Contracted Services

Advertising	168
Audit services	3,500
Other Contracted Services Legal	4,200
Other Contracted Services	61,599
Fees Paid to Service Providers	11,933
	<u>81,400</u>

Maintenance and Repairs

Office Equipment	3,762
Facilities	3,488
Vehicles	418
	<u>7,668</u>

Supplies and Materials

Office supplies	2,566
Uniforms	400
Postage	233
	<u>3,199</u>

Utilities

Wireless Line Charges	5,435
Telephone	6,439
	<u>\$ 11,874</u>

The Notes to Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Revenues, Expenses, and Change in Fund Net Assets (Continued)
For the Year Ended June 30, 2010

Other Charges	
Insurance Liability	\$ 7,191
Dues and Memberships	180
Travel	4,228
Training	1,730
Board Meeting	699
Other Charges	206
	<u>14,234</u>
Depreciation	<u>29,386</u>
Total Operating expenses	<u>226,000</u>
Operating income (loss)	45,554
Nonoperating Revenue (Expenses)	
Reimbursement	13,435
Emergency Communications Board Mapping Grant	10,000
Interest Income	14,629
Total Nonoperating Revenue (Expenses)	<u>38,064</u>
Increase (Decrease) in Net Assets	<u>83,618</u>
Net Assets - beginning of period	<u>914,292</u>
Net Assets - end of period	<u><u>\$ 997,910</u></u>

The Notes to Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2010

Cash Flows From Operating Activities:

Cash received from Surcharges and other revenue	\$ 297,611
Cash Payments to Suppliers for Goods and Services	(118,407)
Cash paid for Payroll, Taxes and Related Benefits	(76,128)
Net Cash provided by Operating Activities	103,076

Cash Flows From Noncapital Financing Activities

Operating Grants & Reimbursements	23,435
Net Cash Provided by Noncapital Financing Activities	23,435

Cash Flows From Capital and Related Financing Activities

Purchase of Capital Assets	(9,924)
Net Cash Provided by Capital and Related Activities	(9,924)

Cash Flows From Investing Activities:

Interest Received	14,629
Investment in Certificates of Deposit	(272,025)
Net Cash Provided from Investing Activities	(257,396)

Net Increase (Decrease) in Cash and Cash Equivalents **(140,809)**

Cash and Cash Equivalents at Beginning of Period 278,946

Cash and Cash Equivalents at End of Period **138,137**

**Reconciliation of Operating income
to Net Cash Provided by Operating Activities:**

Net Income from Operating Activities	45,554
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	29,386
Change in Assets and Liabilities	
Increase in Prepaid insurance	(32)
Increase in compensated Absences	2,111
Decrease in Accounts Receivable	26,057
Net Adjustments	57,522
Net Cash Provided by Operating Activities	\$ 103,076

The Notes to Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

1. Summary of Significant Accounting Policies:

The Financial Reporting Entity - The Scott County Emergency Communication District was formed under Tennessee Code Annotated Title 7 Section 86 Emergency Communications Districts. The district is a component unit of Scott County, Tennessee because the district is legally separate, the county court appoints the members of the board of directors of the district and the court can impose its will by changing the telephone surcharge rate and the county court can impose its will on the district by the approval of debt and borrowings.

Method of Accounting – The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the District, the reporting entity. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Income Taxes - The District is exempt from Federal Income Taxes because of its creation by the Scott County Government.

Revenue – Operating revenues consist primarily from Highland Telephone Cooperative authorization to charge residents of Scott County \$.65 and businesses \$2.00 per month. As of June 30, 2010, the district had 7,006 residential customers and 2,043 business customers. Wireless communications income is from a share of state collected revenues from cell phone usage based upon population. All other revenues and expenses are reported as nonoperating revenues and expenses.

Cash - The organization treats as cash; checking account balances, savings accounts, certificates of deposit with original maturities of less than three months and cash on hand.

Cash Management - Cash temporarily idle during the year was invested in a savings account and certificates of deposit. The certificates of deposit have maturities of 12 months. The Communications District earned \$14,629 on all investments for the year ended June 30, 2010.

Deposits and Investments – All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure the debt of these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect these accounts that are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purpose of credit risk disclosure.

**SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2010
(continued)

For deposits with financial institutions that do not participate in the bank collateral pool, the state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the entity. Scott County Emergency Communications District has an agreement with one bank for balances above FDIC limits.

The carrying value of the districts deposits were \$902,327, and the bank balance was \$907,141. Of that amount, \$ 853,487 was insured by FDIC insurance, and the remainder was collateralized by a third party in the district's name.

Compensated Absences – It is the district's policy to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since the district does not have a policy to pay any amount when employees separate from service with the district. Accumulated vacation pay is reported as expenditure and a liability of the fund when material and accumulated.

Fixed Assets -- Fixed assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair market value at the date of donation. The Straight Line method of depreciation is used to calculate depreciation over a five year period. Depreciation expense for the current year was \$29,386. Although mapping expenses have a useful life of more than one year, the life is very difficult to measure. Mapping expenses, therefore, are treated as expenses as incurred.

Fixed Assets

	Balances 6/30/2009	Additions	Dispositions	Balance 6/30/2010
<u>Equipment</u>				
Mapping Equipment	\$ 10,271	9,924	-	\$ 20,195
Communication Equipment	386,908	-	-	386,908
Vehicles	24,500	-	-	24,500
	<u>421,679</u>	<u>9,924</u>	<u>-</u>	<u>431,603</u>
<u>Accumulated Depreciation</u>				
Mapping Equipment	(8,330)	(1,489)	-	(9,819)
Office Equipment	-			
Communication Equipment	(282,552)	(24,397)	-	(306,949)
Vehicles	(16,917)	(3,500)	-	(20,417)
	<u>(307,799)</u>	<u>(29,386)</u>	<u>-</u>	<u>(337,185)</u>
Net Investment in Fixed Assets	<u>\$ 113,880</u>	<u>(19,462)</u>	<u>-</u>	<u>\$ 94,418</u>

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2010

(continued)

Risk Management - The District is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained commercial insurance to manage these risks. Management does not believe any claims will exceed the insurance amount. Software coverage is \$ 250,000; auto coverage includes Collision and Comprehensive coverage with deductibles of \$ 250 and \$ 500 respectively, and general liability of \$ 2,000,000 each occurrence and \$ 5,000,000 aggregate with \$ 5,000 medical payments. The settlements have not exceeded insurance amounts in the past three years.

Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. On or before May 31 of each year, the proposed budget is prepared and presented to the board for review. The board adopts the budget and amends the budget throughout the year as needed.

The District is required by state statute to adopt the annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Board of Directors and any authorized revisions. Unencumbered appropriations lapse at the end of each year.

The budgetary level of control is at the line-item level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee.

The Districts budgetary basis of accounting is on the modified cash basis. A reconciliation to GAAP is presented on the face of the budgetary schedule.

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could be different from those estimates.

2. The Officers and Employees of the District bonds

The District maintains an insurance policy against officers and employee forgery or alteration as required by TCA 7-86-119 with policy limits of \$12,500; theft of money and securities with policy limits of \$ 100,000; employee dishonesty with a policy limit of \$250,000; and counterfeit United States or Canadian paper currency with a policy limit of \$ 100,000.

3. Accounting Standards

The District has adopted all applicable pronouncements of the Governmental Accounting Standards Board, and has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

Supplementary Information

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES AND EXPENSES
ACTUAL AND BUDGET - (BUDGETARY BASIS) AND BUDGET
June 30, 2010

	Budget Amounts		Actual Revenues/ Expenditures (Budgetary) Actual	Differences in Receivables, Payables, Depreciation Improvements(1)		Variance Favorable (Unfavorable)
	Original Budget	Final Budget		Actual (GAAP Basis)		
INCOME						
Telephone Surcharge	\$ 104,591	\$ 104,591	\$ 104,243	\$ (569)	\$ 103,674	\$ (348)
Wireless Commission	119,060	119,060	64,527	(11,127)	53,400	(54,533)
Emergency Communications Board						
Grants & Reimbursements	10,000	10,000	23,435	-	23,435	13,435
Operational Funding	-	-	128,841	(14,361)	114,480	128,841
Interest Income	14,000	14,000	14,629	-	14,629	629
Miscellaneous Income	-	-	-	-	-	-
Total Revenue	247,651	247,651	335,675	(26,057)	309,618	88,024
EXPENSES						
Director	14,259	14,259	14,259	-	14,259	-
Administrative Personal	25,284	25,284	25,284	-	25,284	-
Overtime Compensation	7,500	7,500	6,612	-	6,612	888
Dispatchers/Radio Operators	54,000	54,000	35,653	-	35,653	18,347
Social Security	4,000	4,000	3,482	-	3,482	518
Medicare	1,000	1,000	814	-	814	186
Compensated Absences	-	-	-	2,111	2,111	-
Medical Insurance	15,000	15,030	15,030	-	15,030	-
Dental Insurance	800	800	648	-	648	152
Retirement Contributions	14,000	9,120	-	-	-	9,120
Addressing and Mapping	10,000	10,000	10,000	-	10,000	-
Advertising	500	500	168	-	168	332
Auditing Services	3,500	3,500	3,500	-	3,500	-
Telephone Contract	26,000	26,000	25,946	-	25,946	54
Legal Services	4,800	4,800	4,200	-	4,200	600
Maintenance Agreement	14,500	14,500	11,933	-	11,933	2,567
Office Equipment Maintenance	5,000	7,450	7,250	-	7,250	200
Vehicle Maintenance	2,000	2,000	418	-	418	1,582
Office Supplies	2,500	2,500	2,486	-	2,486	14
Postage	400	400	233	-	233	167
Uniforms	400	400	400	-	400	-
Telephone	7,500	7,500	5,094	-	5,094	2,406
Cell Phones and Pagers	1,500	1,500	1,345	-	1,345	155
Wireless Line Charges	5,450	5,450	5,435	-	5,435	15
Bank Charges	100	100	81	-	81	19
Board Meeting	1,000	1,000	699	-	699	301
Dues and Memberships	250	250	180	-	180	70
Insurance - Liability	8,500	8,500	7,223	(32)	7,191	1,277
Public Education	500	500	-	-	-	500
Training Expense	2,000	2,000	1,730	-	1,730	270
Travel Expense	7,000	7,000	4,228	-	4,228	2,772
Other Charges	1,000	1,000	204	-	204	796
Depreciation	-	-	-	29,386	29,386	-
Capital Improvements	7,408	9,808	9,922	(9,922)	-	(114)
Total Expenses	247,651	247,651	204,457	21,543	226,000	43,194
Net Income (Loss)	\$ -	\$ -	\$ 131,218	\$ (47,600)	\$ 83,618	\$ 44,830
1. A. Accounts Receivable						
Prior year	\$ 34,785					
Current year	8,728					
	<u>\$ (26,057)</u>					
B. Prepaid Expense						
Prior year	\$ 4,605					
Current year	4,637					
	<u>\$ (32)</u>					
C. Depreciation						
Current year	\$ 29,386					
	<u>\$ 29,386</u>					
D. Accounts Payable - Compensated Absences						
Prior year				\$ 10,089		
Current year				12,200		
				<u>\$ 2,111</u>		
E. Capital Improvements						
Current Year				\$ 9,922		
				<u>\$ (9,922)</u>		

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Schedule of Information Required by the Tennessee Emergency Communications Board
For the Year Ended June 30, 2010

Number of public safety answering points **1**

Addresses:

Scott County Jail
29 Courthouse Square
Huntsville, Tennessee 37756

Type of System Norstar

Name		Position
Wayne Shoemaker	130 Glenmary Road Robbins Tennessee 37852 Phone 423-627-2767 Fax 423-663-4986	Part-time Director
Rick Russ	P.O. Box 532 Helenwood, Tennessee 37755 Phone 423-569-6486 Fax 423-663-4986	Chairman

Miscellaneous Statistics

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REVENUES AND EXPENSES PAST TEN YEARS
For the Year Ended June 30, 2010
(UnAudited)

YEAR		REVENUES		EXPENSES
2001	\$	178,551	\$	109,200
2002		166,296		106,602
2003		159,797		102,637
2004		231,238		123,494
2005		253,178		181,938
2006		228,483		182,969
2007		309,705		187,147
2008		289,641		181,037
2009		316,966		195,895
2010	\$	309,618	\$	226,000

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Schedule of Expenditures of State Awards
June 30, 2010

Program Title	CFDA #	Grant #	June 30, 2009	Receipts	Expenditures	June 30, 2010
State of Tennessee Assistance						
Department of Commerce and Insurance	Tenn. Emergency Communications Board	N/A	Z03016925 \$ -	\$ 10,000	\$ 10,000	\$ -
Total State of Tennessee Assistance			\$ -	\$ 10,000	\$ 10,000	\$ -

* CFDA--Catalog of Federal Domestic Assistance; (1) No Federal CFDA number assigned.
() Indicates unexpended balances at year end and a restricted balance in net assets.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
June 30, 2010

NOTE A- BASIS OF PRESENTATION

The accompanying schedule of expenditures of State Awards of the Scott County Emergency Communications District is presented on the accrual basis of accounting.

Internal Control and Compliance Section

Dennis E. Jeffers

Certified Public Accountant

A Member of the American Institute of Certified Public Accountants

18707 North Alberta Avenue
Oneida, Tennessee 37841
(423)569-6969

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To The Board of Directors
Scott County Emergency Communications District
Huntsville, Tennessee 37756

We have audited the financial statements of the Scott County Emergency Communications District, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 15, 2010. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Scott County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Scott County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Scott County Emergency Communications District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and responses as item 97-1, to be material weaknesses.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting as item 97-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Scott County Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as item 97-1.

Scott County Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Scott County Communications District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and board of directors of the Scott County Communications District, and others within the organization, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Dennis E. Jeffers CPA, PC

Oneida, Tennessee
September 15, 2010

Scott County Emergency Communications District
Schedule of Findings and Responses
June 30, 2010

97-1 Condition: The Scott County Emergency Communications District does not have enough staff to allow for adequate segregation of duties.

Recommendation: The District should use compensating controls such as dual signatures to help make up for its small staff. The District should consider additional personnel for this purpose.

Management response: Compensating controls have been studied and used where practical. We believe that the cost of additional personnel would outweigh the benefit of segregation of duties.